

VIEWPOINT



STUDENT LOAN – AN IDEAL WAY TO MAKE HIGHER EDUCATION ASPIRATIONS COME TRUE

A loan is a form of debt incurred, so it's important to conduct a thorough research before taking it.

Mr. Amit Gainda, CEO, Avanse

When Indian parents welcome their child into their family, they always keep in mind the costs of the child's education and marriage. Securing a child's future is one of the critical goals for most parents. Hence, Indian culture has traditionally valued education.

THE ROLE OF EDUCATION FINANCING SOLUTION

The expense of education has drastically risen in recent years. The awareness of educational degrees has increased to a great deal, which in turn amplified its demand and student's aspiration to achieve them. To give deserving students a chance, institutes are reinforcing strict measures to select candidates, and this high demand is contributing towards increased pricing. In such a scenario, parents consider liquidating their savings to help fulfil their children's dream. But in reality, an education loan is the best option because of the multiple benefits it offers.

THINGS TO CONSIDER WHILE CHOOSING A STUDENT LOAN

Before availing an education loan, it is important for the students to do their homework.

Research is crucial: A student planning to take an education loan should research about it online and talk to friends and family members who have taken similar loans. Being an education-focused NBFC, Avanse Financial Services has subject matter experts who can help students understand all about student loans and processes.

Analyze how much money is needed: Before opting for a loan, a student needs to estimate the total expenditure that will be incurred. Thorough research will aid students to understand this. Lenders such as Avanse can assist students to comprehend such details. Professionals are readily available to guide them through the academic journey planning.

Student loans should cover the holistic cost of education: One of the criteria that students should consider before opting for an education loan is that, it should cover the ancillary expenses. Avanse's solutions cover the holistic cost of education which includes living expenses, accommodation cost, travel expenses, and more.

Selecting the right education financing partner is crucial. There are various NBFCs, banks and fintech providers in the market. While choosing a lender, it is imperative to consider its domain expertise in managing education loans, regulatory

norms and unique selling propositions. Being a student-centric organization, Avanse has devised student-friendly evaluation methodologies. Rather than depending only on the co-borrower's financial background, it evaluates a student thoroughly. It assesses the student's past academic performance, entrance test scores, university/institute ranking and course. The organization has set benchmarks in terms of fulfilling academic aspirations across 10,000+ courses and 2,000+ institutes in ~50 countries. Its services cater to the entire gamut of the education ecosystem from Kindergarten to Post-Graduation, thereby, cultivating the education ecosystem of the country. Its partnership with Edtech companies has enabled Avanse to fund deserving students from K-12 level to professionals opting for up-skill courses.

MANAGING DEBT IS CRITICAL

The pandemic has made us realize the importance of saving. Though the regulatory bodies introduced policies to provide a cushion to the economic impact, many people faced the brunt of this unprecedented situation. Hence, we learnt to save a corpus from our earnings to at least be able to pay off debts within time.

Earning while learning: Many students studying abroad prefer to take up part-time jobs while they learn so that they can use the extra buck to either support their lifestyle abroad or pay off a certain portion of their loan interest.

Repayment strategy is crucial: Education loan is usually the first financial borrowing for a student. Hence, it is important to plan the repayment as it can affect a borrower's credit score. Planning the loan tenure is an important part of this strategy. Students should discuss all the components of a loan such as loan amount, tenure, repayment options and EMI with the lender to design the best repayment strategy that suits the student's journey ahead.

Fintech and new-age education financiers are disrupting the sector and introducing ways to better assess student's capabilities. Avanse uses an employability potential scorecard to examine students and underwrite products, which helps the organization create customized solutions. It has adopted a PHYGITAL operating model which comprises best practices of traditional lenders and new-age fintech players across the value chain. All these robust processes have been implemented to remain steadfast in its mission of making education financing seamless and affordable for every deserving Indian student.

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Debt selection should be an informed decision. Student loan, designed to fund education, caters to customized requirements of students. Thus, the ideal choice for education funding should be the right student loan that covers the holistic cost of education.
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– **Mr. Amit Gainda**
 CEO Avanse